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Communicating Corporate Social Responsibility Activities in Greece in a period of a prolonged economic crisis

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Abstract

The purpose of this paper is to examine the performance of companies operating in Greece in the field of CSR, which have voluntarily participated for evaluation under the international tool titled Corporate Responsibility Index (CR Index). CR Index assesses companies based on their performance in CSR activities related to society, environment, market and employees. A well defined period of 6 years since the adoption of CRI in Greece is examined for 26 participating companies, starting in 2008. The paper follows a content analysis approach. The findings shed light to the limited existing literature on the influence of the economic crisis of a country on the allocation of CSR activities. The findings indicate that the participating companies become more effective in regard to their CSR activities since there is a significant qualitative difference between pre-crisis CSR practices and the one reported after. Moreover, our study shows a bidirectional influence process between companies and the society in which they operate, if we take into consideration that, despite the economic crisis and the companies significant drop in profits, they become more efficient and are highly evaluated. Nonetheless, the content analysis illustrated that companies could further communicate and promote CSR activities to the society' since they have not fully done so. This is so because the communication of the CRI in the companies' corporate websites and the reference in the awards received appears to be limited in the companies' corporate websites.

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1. Introduction

CSR activities have been mainly associated with business performance while there is limited research in regard to the role cultural and social aspects and practices in different countries may play for CSR implementation (Giannarakis and Theotokas, 2011; Fernandez-Feijoo Souto, 2009). Social considerations need to be taken into account as the definition from the Commission of the European Communities proclaimed which defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations...on a voluntary basis” (Giannarakis and Theotokas, 2011: 2).

A new definition of CSR by the European Commission has been introduced as “the responsibility of enterprises for their impact on society” (European Commission, 2011: 6); The word “responsibility” in fact, illustrates that the European Commission aims to provide CSR with a significant role where enterprises need to be serious in their actions.

CSR offers a set of values on which to build a more cohesive society and on which to base the transition to a sustainable economic system. Nonetheless, not all countries, not to mention enterprises have incorporated CSR activities in their procedures and their organizational structure.

Many companies in the EU have not yet fully integrated social and environmental concerns into their operations and core strategy. Only 15 out of 27 EU Member States have national policy frameworks to promote CSR (European Commission, 2011: 5) while at the time of writing this paper, Greece has not yet implemented a national policy framework.

Corporate social responsibility concerns actions by companies over and above their legal obligations towards society and the environment (European Commission, 2011). This is particularly true for Greece where SCR activities of enterprises are not under a legal framework (Pantelou and Kollydas, 2013).

By renewing efforts to promote CSR now, the Commission aims to create conditions favorable to sustainable growth, responsible business behavior and durable employment generation in the medium and long term (European Commission, 2011: 4). Cultural differences between countries and societies may influence CSR, due to the dynamic and evolving ethical standards, which may differ (Fernandez-Feijoo Souto, 2009: 39; Kavoura, 2012).

The economic conditions of a country may influence the CSR activities. Nonetheless, there is limited research on the way CSR activities are affected by financial crisis. The international literature on interaction between financial crisis and CSR is scarce (Giannarakis and Theotokas, 2011).

The existing studies have shown that the economic crisis may influence CSR projects and there is a drop in numbers of CSR activities because companies act conservatively (Karaibrahimoglu, 2010; Giannarakis and Theotokas, 2011; Fernandez-Feijoo Souto, 2009).

The current economic crisis is one of the biggest ones in global economy and has forcefully spread to the real economy, having as a result a deep recession and employment reduction. Globalization has in turn contributed to the faster transmission of the problem from country to country (Kavoura, 2013).

More specifically, this paper aims to examine Greece as a case study, given that the country has been seriously affected by the economic crisis and may offer a good example for analysis in regard to CSR activities. In a European survey that took place in 2013, Greece, Portugal and Spain were found to be the worst affected by the economic crisis (TNS Opinion & Social, 2013: 5) having as a result the decline in contributions on cultural activities and spending in general, due to the difficult economic circumstances (TNS Opinion & Social, 2013: 8).

This study aims to examine which is the case in Greece in regard to CSR activities considering that companies operating in a country which is under a big economic crisis would be conservative in regard to allocating economic resources in CSR as the scarce literature on this issue has shown (Karaibrahimoglu, 2010; Giannarakis and Theotokas, 2011; Fernandez-Feijoo Souto, 2009).

We aim to examine whether the economic crisis of the country influence CSR activities. In order to examine the companies' performance and have a specific and valid way of measuring CSR activities since there is not a Greek CSR national policy yet implemented at the time of writing this paper which would allow for the initiation of activities from enterprises on a systematic basis, the research took place for all the companies participating in the CR Index, which has been implemented in Greece since 2008.

The examination of the communication of the companies' performance under the CR Index in their official websites and whether they promote and advertise such performance is another aim of the research.

2. Positive and negative antecedents of companies' CSR activities: the economic crisis and the necessity for communicating CSR activities

There is scarce literature associating the economic crisis of a country with CSR activities; the decrease of CSR projects is greater in the USA than in Europe and other countries (Karaibrahimoglu, 2010: 384). The European countries were affected by the current crisis due to their exposure to the USA financial markets (Global Financial Stability Report, 2011).

In periods of crisis, CSR may be a threat for firms' survival and such a strategy is not expected in these times of uncertainty, companies decrease CSR projects during financial downturns which lead them to curb such investment procedures (Fernandez- Feijoo Souto, 2009: 43; Karaibrahimoglu, 2010: 384; Giannarakis and Theotokas, 2011: 2). In fact, Njoroge (2009: 383) indicated that companies are in consensus that financial crisis affects social projects.

CSR communication has not yet invented standard ways of promoting CSR activities undertaken by companies (Bode, 2012) and CRI-type awards allow for such a communication to take place.

The EU Commission intends to initiate a European award programme in regard to CSR activities and this may allow for the public dissemination of these activities, motivating more companies to participate and inform society about them since awareness is insufficient (European Commission, 2011: 9).

Various techniques can be used to communicate CSR activities and to raise public awareness about the concept, including awards and prizes, giving public recognition to pioneering companies in the field of CSR, perhaps could be one category in an award scheme that covers various aspects of business practice (European Commission, 2011: 15). Sustainability reports and codes of conduct are among the ways of communication when it comes to CSR, and companies may provide information on their website or via newsletters (Bode, 2012: 14-15).

3. The Greek economic crisis, CSR national strategy and the CR Index

In regard to Greece, there is an absence of a regulatory framework for CSR policy and socio-economic issues influence the society and the industries that operate within it. At the time of writing the paper, a national strategy has not yet been implemented and only a draft proposal is under public discussion from the Greek State.

However, it has not been officially decided and validated from the Greek Parliament yet. The draft text reports that the aim of the national strategy for CSR is the creation of an integrated framework for action for the consolidation, dissemination and application of the principles of CSR in Greece for the period 2014-2020.

Greek companies and public sector bodies will be invited to integrate CSR in their business strategy and to develop actions and corporate responsibility practices. The aim of these actions is to increase the positive impact of business towards society, in conjunction with the scope and nature of economic activity (<http://www.opengov.gr/ypoian/?p=5187>).

Citizens are also willing to contribute in CSR activities companies implement. The barometer of awareness and Social Behavior Index - a tool which aims to see the tendencies of the Greek society, in regard to CSR issues and the way citizens respond- proposed that the economic crisis in Greece and the difficulties that the Greek society encounters, motivate citizens to participate and contribute in actions and in the work of CSR from organizations (Meda Communication, 2013: 28). There lies the issue of the communication of these activities to the stakeholders and society so that the approach is more holistic and integrated.

The CR Index is a recognized assessment tool and point of reference for the recognition of the performance of Greek enterprises in CSR issues so that participating companies and their CSR performance is acknowledged based on international criteria. Companies submit files with their efforts in CSR activities and are evaluated based on those reports which are accompanied by justification and they may record their progress in order to be able to have guidance over the CSR activities and the way the companies may communicate these activities to the public and stakeholders (<http://www.cri.org.gr/Contents.aspx?CatId=15>).

It was in 2008 that the CR Index was introduced in Greece and companies operating in Greece applied for the first time to be evaluated under international standards in regard to the CSR performance. More specifically, the CR Index is the most important international index measuring the performance of companies in the sphere of CSR and it is used as the national CSR index in different countries (<http://www.cri.org.gr/Contents.aspx?CatId=29>).

Companies may voluntarily participate in the CR Index and depending on their performance, they get the following awards in terms of performance: diamond, platinum, gold, silver, bronze. These are associated with their performance in all CSR sectors.

4. Methodology

Content analysis is widely used in management research (Berg, 2004; Neuendorf, 2002), as it provides rich and in-depth accounts on a wide range of topics. One of the most popular methods in the study of CSR is content analysis (Aras, Aybars and Kutlu, 2010; Holcomb, Upchurch and Okumus, 2007; Orlitzky, Schmidt and Rynes, 2003).

According to Neuman (2003: 219) “content analysis is a technique for gathering and analyzing the content of text. The content refers to words, meanings, pictures, symbols, ideas, themes, or nay message that can be communicated”.

The present study examines all the companies that have participated in the CR Index from 2008 till 2013 taking into consideration their economic performance as well so that inferences can be made about their economic performance and their CSR activities in a six year period. This economic crisis that a country undergoes, may in fact, lead to the decline in CSR related activities.

This paper aims to examine whether the economic crisis of a country may influence CSR activities in a country under financial crisis.

In the specific study, the researchers sought words and phrases as they were specified from the themes codes associated with the communication of the CR Index in the companies’ corporate websites and whether there was reference in the awards received from the CR Index. This took place in the so called direct way, those words or phrases that are physically present and counted rather than on the latent content which depends on the subjective judgement in order to lead to reliable results (Robson, 2010: 420-421; Leiss, Kleine, Jully, & Botterill, 2008; Holstein & Gubrium, 1998).

5. Results and Discussion

Figure 1 below indicates a steep decline in the 26 companies’ profits between 2010, 2011 and 2012. Despite the drop in sales for a 6th year period (7 year economic performance) that companies operating in Greece applied to the CR Index, we can see that their performance in regard to CSR activities gradually rises and becomes more efficient. While the economic performance of the participating companies is decreasing, their participation in the CR Index, becomes more efficient as Table 1 below illustrates.

Table 1 in combination with Figure 1 that follow, illustrate that, irrespective of the deep economic crisis, companies do not seem to be influenced in their CSR -related behavior, because they become more efficient and they provide, increasingly award-winning activities for the benefit of the community where they operate.

Table 1. Number of award types from CRI between the years 2008-2013

Award Type	2013	2012	2011	2010	2009	2008
Diamond	1					
Platinum	6	4	3			
Gold	4	3	3	5	2	
Silver	3	4	1	4	5	4
Bronze		3	8	8	5	4
TOTAL	14	14	15	17	12	8

Source: Data Analysis from the CR Index official website <http://www.cri.org.gr/library/downloads/Docs/Documents/CR%20Index%202008-2013.pdf>

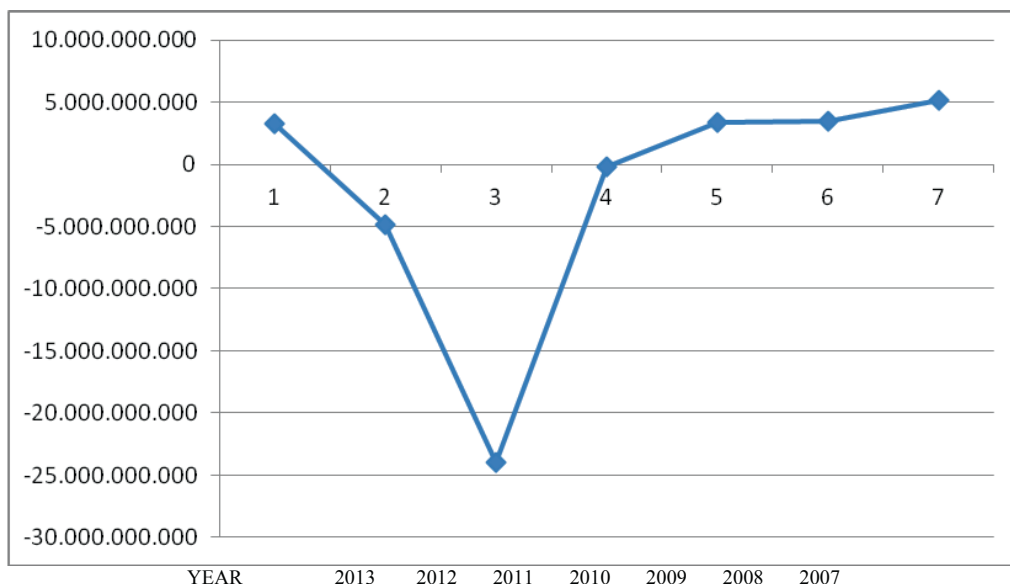


Fig.1. Profits reported in Euros for the companies participating in the CR Index (2007-2013). Source: Figure based on data analysis from the ICAP Group

The toll taken by the companies, generated by the economic crisis, becomes apparent by the inverted U-shaped trend of the number of awards, in the course of the pre-crisis and crisis years. The ascending number of the awards offered in 2008 and 2009, increased in 2010 and 2011 and stabilized in 2012 and 2013 despite the pressures of the shrinking economy. However, there is a significant qualitative difference between pre-crisis CSR practices and the one of the last two years reported above. In 2013, ten of the awards granted were of the top two categories, while in 2008 the number was zero and in 2009 it was two. In sum, the numbers in the Table 1 above indicate that although companies limit in some ways their CSR practices, they are still very serious about those practices, making them of greater quality, efficiency and social impact, as one can subsume by the composition of award types in the two most recent years.

The evolution of CSR over the past seven years is reflected in Table 1. The toll taken by the companies, generated by the economic crisis, becomes apparent by the inverted U-shaped trend of the number of awards, in the course of the pre-crisis and crisis years. The ascending number of the awards offered in 2008 and 2009, increased in 2010 and 2011 and stabilized in 2012 and 2013 despite the pressures of the shrinking economy. However, there is a significant qualitative difference between pre-crisis CSR practices and the one of the last two years reported above. In 2013, ten of the awards granted were of the top two categories, while in 2008 the number was zero and in 2009 it was two. In sum, the numbers in the Table 1 above indicate that although companies limit in some ways their CSR practices, they are still very serious about those practices, making them of greater quality, efficiency and social impact, as one can subsume by the composition of award types in the two most recent years.

Which is though the case, in regard to the communication activities by the companies, which participated in the CR Index? The content analysis on the corporate websites of the participating companies in the CR Index in Greece, illustrated that all 26 companies make reference to their CSR activities. Nonetheless, 7 companies out of the 26, that is the 27% of the participating companies in the CR Index, do not make any reference at all to their participation in the CR Index and the awards received despite the big effort they have made to receive such accreditation. Which is though the case, in regard to the communication activities by the companies, which participated in the CR Index? The content analysis on the corporate websites of the participating companies in the CR Index in Greece, illustrated that all 26 companies make reference to their CSR activities. Nonetheless, 7 companies out of the 26, that is the 27% of the participating companies in the CR Index, do not make any reference at all to their participation in the CR Index and the awards received despite the big effort they have made to receive such accreditation.

6. Implications for an organized communication programme for CSR activities

In Greece, there is not yet legislation that would guide companies on how to define and deal with CSR. There is no legal framework and a national strategy for CSR is lacking. The companies under study have decided on their own to be evaluated under international standards on CSR and they operate proactively for a national policy that is on its way, it has been announced that by the end of 2014 Greece will be among the EU members who will have national policy frameworks for CSR (<http://www.opengov.gr/ypoian/?p=5188>).

Marketers and advertisers of companies could promote these CSR activities and make their projects known to the public. The efforts companies make, should be communicated to the public since it is continuous and takes time for the participating companies. The media can also raise awareness of these activities from enterprises, which is also among the aims of the European Commission (European Commission, 2011: 7).

The significant role of CSR in regard to building a corporate image and strengthening relations among interested groups has not been fully realized since stakeholders are not always aware about the CSR activities that take place (Du, Bhattacharya and Sen, 2010). Nonetheless, CSR is becoming more important every day and Du, Bhattacharya and Sen (2010) argue that there is need for companies to communicate CSR more effectively to stakeholders. This is the case in Greece and companies should provide more information about these actions. Research on CSR activities of large enterprises operating in Greece has shown that in fact communication of CSR activities is missing (Sahinidis and Kavoura, 2014).

Openness is needed of the CSR processes and communication to the stakeholders and to the public regarding the types of behaviors that support the organization's vision, values, and effectiveness (Chen, 2011: 87) [28]. Organizations do not usually report CSR initiatives in the public domain (Holcomb, Upchurch and Okumus, 2007). Although there is interest in internet reporting of CSR information because a positive public image may be maintained, communicated and presented, such interest is very complementary to the release of CSR information via annual reports (Holcomb, Upchurch and Okumus, 2007; Vaaland and Heide, 2008).

Since a company's CSR activities can lead to loyal customers who will be the ambassadors of the company (Du, Bhattacharya and Sen, 2010: 9), businesses need to take into consideration the way they should promote and communicate such activities and their involvement to a specific cause; companies though, need to keep a balance on how much effort they will put on such activities because stakeholders "also quickly become leery of the CSR motives when companies aggressively promote their CSR efforts" (Du, Bhattacharya and Sen, 2010: 9).

The findings of this paper suggest that marketers and advertisers of companies (Nasiopoulos K. Dimitrios, Damianos P. Sakas and D.S. Vlachos, 2013) may promote these CSR activities and make their projects known to the public. In a similar way to sponsorship, where advertisers articulate a clear sponsorship strategy taking into consideration consumers and target groups (Jacobs, Pallav and Surana, 2014), CSR managers should promote and communicate to the public, since people are not always cognizant of CSR activities. Internal branding as an instrument of management change (Schmidt and Pfaff, 2010) may well benefit from CSR activities.

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